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U. S. DISTRICT COURT
SOUTHERD DISTRICT OF CALIF.

FEDERAL COURT OF THE UNITED STATES

OCTOBER TERM, A. D. 1921.

No. 240.

CROWN DIE AND TOOL CO.,

Petitioner,

VS.

NYN TOOL AND MACHINE WORKS,

Respondent.

BRIEF AND ARGUMENT FOR RESPONDENT.

W. E. DYERFORTH,
GEORGE A. CRITTON,

For Respondent.

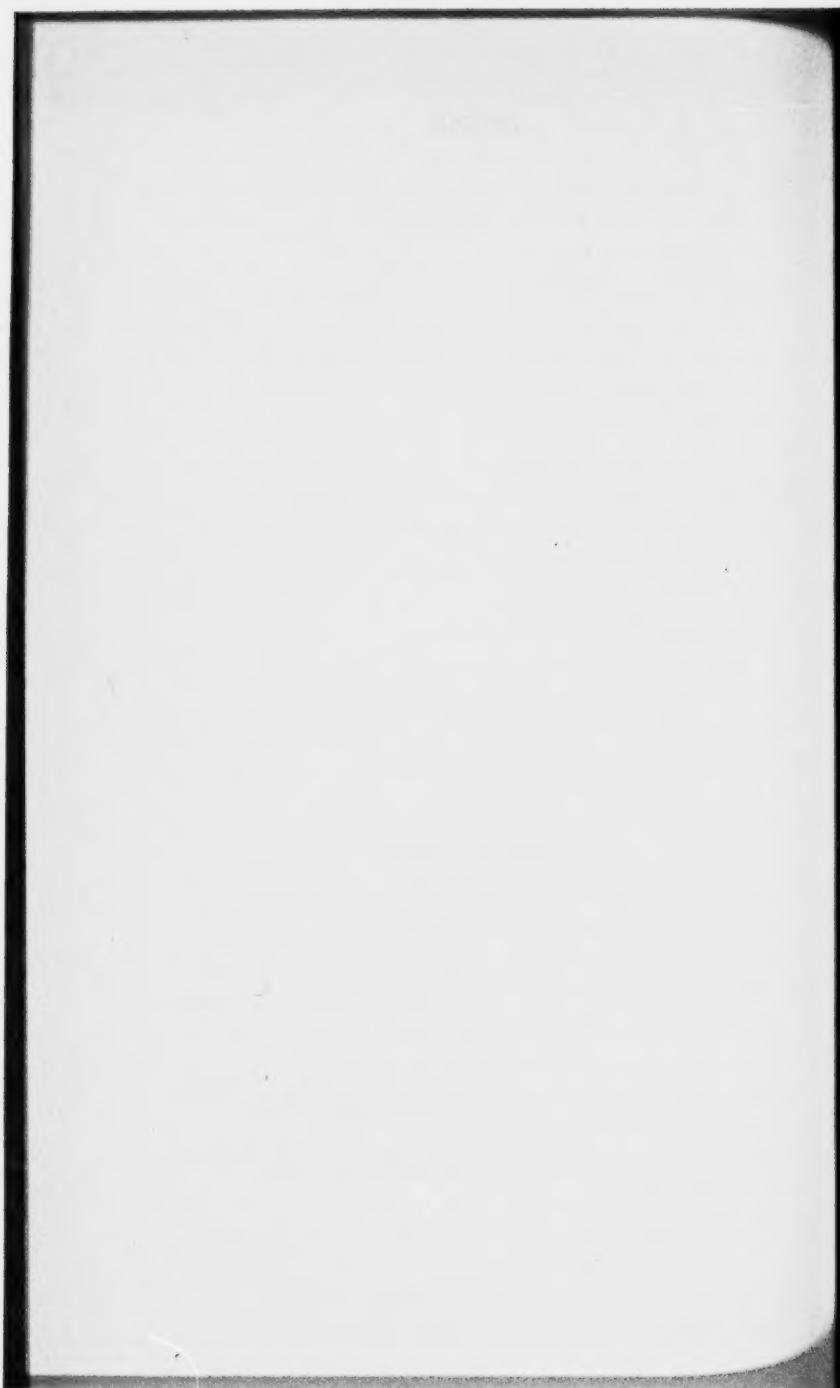
WILLIAMS,
Of Counsel.

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} Writ of Certiorari to
the United States
Circuit Court of
Appeals for the
Seventh Circuit.

BRIEF AND ARGUMENT FOR RESPONDENT.

Statement of the Case.

Respondent filed its bill in the District Court of the United States for the Northern District of Illinois, Eastern Division, at Chicago and prayed for an injunction restraining patent infringement and an accounting for past infringement. The bill was in a short and simple form, which we drafted with the utmost care before the new equity rules were promulgated, our effort being to

eliminate most of the useless verbiage and yet retain the essential elements of a patent bill. The bill was in the exact form we have used for many years except that the plaintiff's title was set forth in full in order to present the interesting and novel question involved as a proposition of law on the pleadings. It is not believed that any substantial criticism can be made of the general form of the bill aside from the question as to the sufficiency of the title shown on its face. The general form of the bill was highly praised by the Court of Appeals in its opinion and it is believed, therefore, that there is in it no substantial question worthy of argument.

The only question here involved is the right of respondent to maintain suit on the instrument of title set forth in the bill. This instrument was attached to the bill as "Exhibit A," and is as follows:

"EXHIBIT A."

"Whereas, Reed Manufacturing Company, a corporation of Pennsylvania, is the owner of letters patent of the United States No. 1,033,142, for a Machine for Forming Screw-Thread-Cutting Devices, granted July 23, 1912, on an application of Wright and Hubbard; and

"Whereas, under said patent Reed Manufacturing Company has the right to exclude others from manufacturing, using and selling the devices of said patent; and

"Whereas, it is believed by the parties that Crown Die & Tool Company, a corporation of Illinois, has been manufacturing and using devices in infringement of said patent; and

"Whereas, Nye Tool & Machine Works is engaged in the manufacture of dies with which the dies made by said Crown Die & Tool Company, by the use of said infringing machine, are in competition; and

"Whereas, Nye Tool & Machine Works is desirous of acquiring from Reed Manufacturing Company all of its rights of exclusion under said patent, so far as the same may be exercised against the Crown Die & Tool Company, together with all rights of the Reed Manufacturing Company against the Crown Die & Tool Company arising out of the infringement aforesaid;

"Now, Therefore, in consideration of one thousand dollars (\$1,000.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, the Reed Manufacturing Company hereby assigns and sets over to the Nye Tool & Machine Works, all claims recoverable in law or in equity, whether for damages, profits, savings, or any other kind or description, which the Reed Manufacturing Company has against the Crown Die & Tool Company arising out of the infringement by the Crown Die & Tool Company of the Wright & Hubbard patent No. 1,033,142; and, for the same consideration, assigns and sets over all the rights which it now has arising from said patent of excluding the Crown Die & Tool Company from the practice of the invention of said patent, the intention being that, in so far as concerns the exclusion of the Crown Die & Tool Company under said patent, the Nye Tool & Machine Works shall be vested with as full rights in the premises as the Reed Manufacturing Company would have had had this assignment not been made; and that the Nye Tool & Machine Works shall have the full right to bring suit on said patent, either

at law or in equity, against said Crown Die & Tool Company, and, for its own benefit, to exclude the Crown Die & Tool Company from practicing the invention of said patent, and for its own use and benefit to collect damages which may arise by reason of the future infringement of said patent by the Crown Die & Tool Company, but nothing herein contained shall in any way affect or alter the rights of the Reed Manufacturing Company against other than the Crown Die & Tool Company; and, for the same consideration, all rights as are herein given against the Crown Tool & Die Company are given as against any successor or assignee of the business thereof.

“REED MANUFACTURING COMPANY,

“By P. D. WRIGHT,

“(CORPORATE SEAL.)

Its President.

“State of Pennsylvania, } ss:
“County of Erie, }

“Before me this 29th day of July, 1920, appeared P. D. Wright, personally known to me, who on oath stated that he is the President of Reed Manufacturing Company, and that he was authorized by the Board of Directors of Reed Manufacturing Company to execute the foregoing assignment; that the seal affixed to the assignment is the seal of the corporation, and that he thereupon acknowledged said assignment to be the free act and deed of said Reed Manufacturing Company.

“B. M. HARTMAN,
Notary Public.”

“(SEAL.)

Obviously, this instrument was intended by the parties to convey an "interest in" the patent. Moreover, it expressly assigns to the plaintiff all the right which the owner of the patent (the plaintiff's assignor) had to recover from the defendant (petitioner here) for the infringement of the patent named in the assignment, and was intended to place the plaintiff in precisely the same position the owner of the patent would have been in had it instituted this suit, before the making of the assignment.

The question here involved is the legal effect of said instrument—the determination of exactly what passed to the plaintiff as a result of its execution. It shows clearly what was intended to pass, and it seems equally obvious that it is within that portion of Section 4898 of the Revised Statutes which provides that

"any patent, or any interest therein, shall be assignable in law by an instrument in writing,"

and it is the construction of this instrument which is involved in the case at bar.

The District Court wrote an opinion which does not appear of record. Counsel were called in, the opinion was read, and the District Judge stated the opinion would not be filed or published, and the appeal was perfected without the opinion. Later, the District Judge concluded that the opinion was of such general importance as to justify publication and caused a copy to be sent to the West Publishing Company, so that the opinion was print-

ed, 270 Fed., 587, just prior to the argument in the Court of Appeals, and was before that court. In the opinion, which is here reprinted as "Appendix A," the District Judge completely and ably supported respondent's right to sue, but after saying: "I am of the opinion that, as a matter of law, the motion to dismiss should be overruled," the trial court pointed out the interesting nature of the question involved, the importance of having it settled by the Court of Appeals, and therefore to force an appeal he entered a decree which he believed to be wrong.

The Court of Appeals agreed entirely with the reasoning of the District Judge and affirmed his opinion by reversing the decree. The opinion of the Court of Appeals is reprinted here as "Appendix B."

Respondent's Contentions.

There are three independent grounds upon which the decree of the Court of Appeals should be affirmed and the decree of the District Court reversed.

First, the practice of the District Court in entering *pro forma* decrees to force an appeal, and decrees contrary to its own best judgment, is utterly wrong.

Second, as found in the opinion of the District Court and of the Court of Appeals, respondent's title is amply sufficient to support this suit, even under the old rules.

Third, the new rules overturned the ancient practice of requiring the joinder of the technical legal owner of a patent and permit the beneficial owner to sue on his own behalf without technical joinder as in other cases.

The Propriety of the Pro Forma Decree of the District Court.

This court has recently, in *Harley Davidson Co. v. Buington, Adv. Ops.*, Oct. term, 1921, 641, 66 L. Ed. —, sharply criticized the practice of District Courts entering *pro forma* decrees to force or permit appeals. The entry of decrees, professedly contrary to the judicial judgment of the Chancellor and for the sole purpose of permitting an appeal not otherwise authorized, is entirely subversive of the statutes relative to appeals and is open to even more severe criticism than that of entering *pro forma* decrees. The Court of Appeals on being apprised of the officially published views of the Chancellor, should have instantly reversed without considering the merits and with instructions to the District Court to enter a decree in accordance with the judicial judgment of the Chancellor. On the present writ this court stands in precisely the place of the Court of Appeals. It has before it for consideration a decree which the Chancellor who entered it expressly stated, in his judgment, was wrong, and which was entered solely for the purpose of circumventing the statute as to interlocutory appeals. The Chancellor may be right in holding that Congress should give to the District Court the power to certify interlocutory questions, but Congress has not given that power, and it is not believed that the present is an appropriate way for a District Court to seize the power not given it.

It is not as if there were no appropriate remedy for

avoiding the inconveniences elaborated by the Chancellor in his opinion as justifying his entering the erroneous decree. The ancient extraordinary legal remedies still exist and the Courts of Appeals may use them in aid of their appellate jurisdiction. The writ of *mandamus* to a District Court is frequently used by the Courts of Appeals, the writ of prohibition is occasionally used, and is certainly open, but the writ of *certiorari*, equally well founded in the history of the common law, is sadly neglected by the bar, and therefore by the bench. Conceding that, to prevent useless expense and delay, it is occasionally necessary to review an interlocutory order not otherwise immediately appealable, the ancient remedy of a writ of *certiorari* affords ample relief. When invoked it vests in the Appellate Court the discretion as to which interlocutory questions should be reviewed, and it throws the burden of expense on the party defeated below, who *prima facie* is in error and should bear the burden. The practice followed here permits the District Court to usurp the discretion of the Appellate Court and to throw the burden of initial expense on the wrong party.

On the conceded facts, therefore, the Court of Appeals should not have passed on the merits, but should have reversed the decree with instructions to the District Court to follow its own judgment. On the present record this court has no more right to consider the merits than had the Court of Appeals. It is only when the District Court shall have entered a judicially considered decree that either the Court of Appeals or this court should consider reviewing the interlocutory order, and then only by an appropriate legal procedure.

Respondent's Interest in the Title.

Since respondent has sought to divide the patent along novel lines, and since a philosophical discussion of the nature of respondent's interest requires a critical understanding of the patent, which is the thing sought to be divided, it is essential to clarity of thought first to discuss broadly the nature of the patent right. While the carefully considered opinions, both of this court and the lower courts, are remarkably clear as to the nature of the patent right, there is a great deal of popular misconception of the nature of the grant, and sometimes jurists who have a clear concept of the abstract statement are still so far short of a thorough-going appreciation of its meaning as to lead them to illogical conclusions in patent causes.

In the absence of a patent system everyone has the right to make, use and sell anything not prohibited by some rule of public policy or some municipal law. This is the natural right so often contrasted with the patent right, and it existed long before there was any patent system, is not a creature of the patent system, and is affected by the patent system only as the latter adds to the body of municipal law and increases the number of things which may not lawfully be manufactured, used or sold.

Since therefore the patentee is born with the presumed right to make, use and sell anything, it is perfectly evident that his natural right is neither enlarged nor restricted by the grant of a patent to him. When a man

makes an invention in a country with no patent system he may make, use and sell freely. If there is a patent system he is not obliged to take advantage of it and he may make, use and sell just as freely without a patent as with it.

What is it then that the inventor acquires from the Government when he elects to take out a patent upon his invention? Certainly he gets no additional right to make, or to use, or to sell, because he had that right fully without a patent. All he can acquire from the Government is the right to exclude others, and this has been repeatedly held by the courts.

In *Bloomer v. McQuewan*, 14 Howard, 539, 548, 14 L. Ed., 532, this court, speaking through Chief Justice Taney, says:

“The franchise which the patent grants consists altogether in the right to exclude everyone from making, using or vending the thing patented, without the permission of the patentee. This is all he obtains by the patent.”

In *Patterson v. Kentucky*, 97 U. S., 501, 24 L. Ed., 1115, the contention was made that because of the existence of a patent covering a product, the state law of Kentucky enacted under the police power making such manufacture unlawful was to be over-ridden as in conflict with a Federal grant. This court again distinguished the natural right to make from the patent right to exclude and held that the state law was proper because it operated wholly upon the natural right and in no way interfered with, limited, or qualified the patentee's free right to exclude.

Upon precisely the same ground rests *Fuller v. Berger*, 120 Federal, 274, in which the suit of the patentee seeking to exclude was sought to be defended on the ground of unclean hands in connection with the patentee's exercise of his natural right to make. The two rights were clearly distinguished and the Court of Appeals (Seventh Circuit) held that unclean hands with respect to one right could not alter the plaintiff's status as a suitor on the other.

Finally, in *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U. S., 405, 52 L. Ed., 1122, this court held, in view of the manifest distinction between the two rights, that the patentee's failure to exercise his natural right in no way affected his franchise to exclude, even when the enforcement of the right to exclude, coupled with the inaction under the natural right, totally deprived the public of the entire use of the invention for the life of the patent.

It is thus clear that the patent gives only the right to exclude and it would seem to follow that an assignee could buy nothing more and should be required to buy nothing more in order to maintain a suit.

Only recently in a shoe machine case, *United Shoe Machinery Corp. v. United States, Adv. Ops.*, May 15, 1921, p. 420; 66 L. Ed. —, this court reasserted the proposition that the patent grant is nothing but the right to exclude.

The Patent Right and the Natural Right Capable of Separation.

At the argument below it was suggested by counsel that for some reason, the logic of which we are unable to follow, the natural right, or some part of it, and the right to exclude must coexist in the plaintiff before suit can be brought. This, however, is clearly unsound both on principle and precedent. In *Patterson v. Kentucky*, *supra*, the natural right to make, use and sell was extinguished by the state law while the patentee was recognized as being vested with the patent monopoly which it remained the duty of the courts to preserve and protect. Today there are hundreds, if not thousands, of existing patents upon processes for the manufacture of alcoholic liquors. The natural right of each patentee has been extinguished by the eighteenth amendment and the statutes enacted thereunder, yet it is manifest that each patentee could maintain suit against an infringer and would in no sense be deprived of his patent rights because the infringer is a law breaker.

A common case of the complete separation of the natural right from the right to exclude is that created when a patentee grants to some one else the exclusive right to make, use and sell with such limitations as to leave the legal title in the patentee. In such a case (under the old rules) the licensee might sue in the name of the licensor to protect his own interest, but the li-

ensor could sue alone to recover his damages. He may have a substantial interest in the recovery and in excluding unlicensed manufacture because infringing competition with the licensee cuts down the licensor's royalties. His rights as a litigant are clearly sustained in *Kaiser v. General Phonograph Supply Company*, 171 Federal, 432, in which case, however, the licensee was also a party.

It is equally apparent that the grantee of a territorial interest may sue for infringement committed within his territory, even though it is apparent that for other reasons, physical or legal, it is impossible for him to exercise his natural right.

Of course the most common case of the separation of the patent and natural rights is in the case where the structure of the patent in suit is dominated by some other and broader patent. It is needless to remark that the broader patent may be older or younger or of the same date with the narrower patent. In either case, for the whole life of the broader patent, and this may be the whole life of the narrower patent as well, the patentee of the narrower patent has no natural right to make, use or sell the structure of his own patent. Any suggestion that the plaintiff in a patent suit must have the natural right to make, use and sell in addition to the patent right would create an entirely new defense to patent cases, would make it impossible for the owner of the narrower patent to sue with a broad patent in force, and would immensely complicate patent litigation.

The exclusive right and the natural right flow from different sources, are of different kinds and they need not co-exist. In fact so totally independent are these rights that the grant of a patent to the defendant is wholly immaterial on the question of his infringement of another patent. It is absolutely impossible to maintain any clean-cut line of patent law unless we totally divorce the two rights, and, in discussing the patent right, simply assume and remember that the natural right is totally immaterial. It may be non-existent or suspended; exercised, not exercised, or even misused, and the status of the plaintiff will be the same. In fact, an inquiry relative to the natural right of the plaintiff has no materiality whatever.

This would seem to be necessary on principle since the patentee who gets from the Government only the right to exclude would be in a sad position indeed were his franchise to be extinguished with changing conditions affecting a natural right concerning which the Federal Government which grants the patent is entirely uninterested and over which it has no control. The natural right, in the main, is a creature of state laws and it must be disregarded from every aspect in considering the franchise granted by the Federal Government.

Having thus established the nature of the franchise granted by the patent, it would seem that under Section 4898 (R. S.) providing that any patent or any interest therein shall be assignable in law by an instrument in

writing, the patentee would have a right to split his right to exclusion along any lines he chooses. It is clear that he may sell the entire right to exclude, or a fractional right to exclude, or the right to exclude all persons operating within a given territory. There would seem to be no sound or logical reason why he should not sell just as properly the right to exclude any one man named in the instrument or any group of men. The logical ground for this assertion is so clear, and the proposition is so reasonable, that in the main the argument of this cause both in the District Court and the Court of Appeals consisted merely in answering objections. These objections are of two kinds: one, those involving questions of practical convenience; and, two, that involving *dicta* in prior cases. Both of these classes of objections will be fully discussed, but, initially, it will be well to consider the practical and legal advantages and the theoretical reasons tending to justify division of a patent along the line here adopted.

Nature of Plaintiff's Title.

Heretofore patents have been, so far as we are aware, divided either into undivided fractional interests or into territorial fragments.

The undivided fractional interest has always been a useless and annoying arrangement because under it the parties are tenants in common, and since the patent is an incorporeal hereditament the nature of the rights of the two co-tenants is extremely confusing. Certainly each can practice the invention without accounting to the other and each can grant a valid license without the consent of the other, because a license is only a covenant not to sue and a suit can be maintained only by all the owners in common conjointly so that if one fractional owner covenants not to sue he grants immunity under the whole patent.

A patent split into undivided fractional interests is practically valueless unless the owners co-operate in perfect harmony. Most patent lawyers feel that such division should be prohibited because it is so totally destructive of the rights of the parties. For many years we have always discouraged the division of patents in this way, and in every case where a client would follow our advice we have kept the patent in a single hand and arranged, through contract, trusteeship or a corporation, for some division of proceeds.

Territorial grants under patents, excepting where the patent is on a process, are very largely ineffective be-

cause of the rule that goods made under the patent in one part of the country are freed from the monopoly and may be shipped elsewhere, even into the territory where the patent is owned by some one else, and there sold. The territorial right on an article of sale is therefore valueless and in most cases has been merely an instrument of fraud since the purchasers of county and state rights always get less than they think they get.

Fully appreciating the difficulties of the two common methods of dividing a patent we have often given consideration to the question as to how the patentee may lawfully sell a part of his patent so that the purchaser shall get something definite, tangible and valuable. We know by sad experience that an undivided fractional interest is always and a territorial interest is usually perfectly useless and vicious. The one logical and effective way to divide a patent is on personal lines, because a patent is a personal right requiring for its enforcement the personal remedy of injunction. It is a right against people which can be effectuated only by courts which act *in personam*.

It seems clearly logical to divide such a right on personal lines. We would infinitely rather see a patent split in this way than in the more common ways of the past. A person who buys the right to exclude all persons whose names begin with the letters A to M, or all persons with red hair, has a perfectly definite tangible right; the patent has been partitioned on lines which

are of practical importance, and we see nothing in the slightest degree undesirable about such an arrangement. We are entirely satisfied that the division of patents along the usual lines is almost invariably inexpedient but it does seem that partition along personal lines is not only sound in principle but desirable in fact. In such a system the patentee sells to each individual who cares to buy just the rights of exclusion which the purchaser needs in his own own business and such rights therefore are much more readily vendible than the highly useless sort with which we have been familiar.

Viewing the patent in its true light as a mere right to exclude in connection with the statutory provision for the assignment of any interest in this right, what conceivable logical ground can there be to inhibit division along the line of the persons against whom the several owners shall exercise their right and from whom they shall collect their tribute?

Similar arrangements have often been made in licenses, promotion deals, etc. It is extremely common for a patentee to make an arrangement with some promoter or agent looking to the broadcast grant of licenses by the agent and reserving to the patentee the sole right to deal with certain named large companies. In other words, the patentee often says to an agent, "You collect the tribute under this patent from all except a dozen big makers, but I reserve those for myself." There seems to be no reason why this common arrange-

ment should not be carried through by an effective assignment of the rights.

Why should not the patentee sell, for instance, the right to exclude every one excepting a dozen big makers and retain them for himself, or conversely, why should he not sell the right of excluding a dozen and keep the rest of the country for himself? It is extremely difficult to see any possible theory upon which the division of patents should not proceed on personal lines and it seems to us a highly desirable mode of division.

Along the same line it is highly interesting to consider what is the status of the patent in suit under any other view than the one here advanced. The Reed Manufacturing Company had the right to exclude the Crown Company and the right to collect past and future damages and profits. It certainly had the right to sell its claim for past damages. Why it should not sell the right to future damages, if any, we do not see and we should think that in a case of a continuing trespass the owner of the chose theoretically ought to be able to sell not only his past but his future claims. But what has become of the Reed Company's right to exclude defendant? It certainly has not been extinguished and it rests either with the Reed Company or with the plaintiff. The Reed Company has tried to sell it, has taken good money for it, and certainly is no position as between the parties ever to assert that it owns this right. If it has carried out its purpose then the plaintiff has all the title necessary to maintain this suit. If

not, a *bona fide* sale of a valuable right is to be prohibited at the instance of a wrongdoer totally unaffected by it and contrary to the desires of both the parties interested.

This matter does not concern either the public or the defendant because, whoever owns the patent, defendant has no right to infringe and at some time (to some one) should account. The only interested parties are the Reed Company and the plaintiff, and there seems to be no reason why the Reed Company should not sell and the plaintiff should not buy anything valuable if agreeable to the two.

The general rule, of course, is that all choses are assignable which would not abate at death but would fall to the estate. Expectancies even are assignable in equity, and certainly there is such expectation that an infringer will continue as to justify an assignment of future damages. Certainly every right plaintiff sought to buy was vested in the Reed Company and is of a kind to fall to a decedent's estate. Why, then, should such rights not be bought and sold?

The Size of Plaintiff's Interest in the Patent.

At the hearing in the District Court several suggestions were made relative to the size of the share in the patent the plaintiff has been granted. We will attempt to cover all these suggestions.

In the first place, it was suggested that the interest was simply too small. The obvious answer is that the statute, section 4898, provides that "every patent or *any interest therein* shall be assignable in law by an instrument in writing." There seems therefore to be no obstacle to the plaintiff's buying any interest, however small, which is of particular value to the plaintiff.

And furthermore the interest purchased here is the only part of the patentee's right which would be exercised if the patentee itself should maintain this suit alone. The patentee has the right to exclude all persons. In bringing a suit it exercises the right to exclude only one and may, if it choose, either license all others or acquiesce in their infringement. The present plaintiff therefore has bought from the patentee all of the rights which it would be enforcing in its own name were it the sole plaintiff here. In other words, the right here conveyed is the whole right which forms the basis of any suit.

It is equally clear that mere size is not a sound objection because it is apparent that the right to exclude may be subdivided territorially in a manner to accomplish precisely the same result. We find from the Chi-

ago directory that the defendant's place of business is 555 West Monroe Street. There is no possible objection to the plaintiff's purchasing a territorial right to exclude co-extensive with the premises at 555 West Monroe Street, Chicago, now occupied by the defendant. Upon such a grant the suit could readily be maintained and would be open to no question whatever on the ground of size. Conceivably if the territorial grant were only for the east vigintillionth of the premises known as 555 West Monroe Street, the court would follow the Supreme Court of Illinois in tax suits, but since the grant would be for the whole premises it would be amply sufficient to maintain a suit and yet is a smaller grant than the one actually here because the present grant is of the complete right to exclude this defendant wherever located, and also its successors in business. It would seem that the question of mere size can receive no support either in precedent or in logic.

Plaintiff's Motive in Acquiring the Right.

At the hearing in the District Court it was suggested that for some reason or another the plaintiff's rights in the premises were affected by the apparent fact that it wished to use the right to exclude which it has bought in aid of its business in an unpatented article. Upon the slightest consideration this suggestion is disposed of. A vast number of patents cover machines for making unpatented articles and patentees sue upon such patents to hold the advantage which their better machinery gives them.

An excellent illustration is the match-making machine patents which have been extensively litigated. Matches are unpatented, but the suits are brought to deprive match makers of manufacturing advantages.

And it is by no means essential that the suit shall be brought to protect the patentee in his own use of the patented invention. In *Continental Paper Bag Company v. Eastern Paper Bag Company*, *supra*, the whole argument of the defense was based upon the fact that the plaintiff had two excellent machines for making paper bags, one of which machines the plaintiff was using and the other of which it refused to use, and that the suit was brought simply to hamper the defendant in cheaply making unpatented bags by machines which the plaintiff itself did not itself use.

That is precisely the situation here. The plaintiff has

perfectly good machinery for making dies. It can make dies either under the structure of an old Beck patent, which it used extensively for many years and is now using extensively, or under highly ingenious new machinery which it has devised. The defendant, however, is making dies more cheaply and expeditiously than it could do without trespassing on the patent in suit and the plaintiff has the absolute right to buy the patent in suit, or any part of it, and institute a suit with exactly the motive just set forth as having been those of the plaintiffs in the reported cases.

Indeed this suggested defense of motive would apply with just the same force had the plaintiff brought the entire patent into the suit, instead of a part of it. The usual reason for getting a patent on a machine for making unpatented articles is to prevent competitors from making the unpatented articles as cheaply or as well as the patentee makes them, either by the patented machinery or by some other machine which the patentee controls. The patent system creates rights to exclude which are used for no other purpose than to hamper or impede competitors and no plaintiff in a patent suit need apologize for his motives when he says frankly that he desires to use a patent right against a competitor.

Multiplicity of Suits.

At the hearing in the District Court it was suggested that grants or assignments like the present one would lead to innumerable controversies. On analysis this suggestion is found to be without weight. There can never be more suits on a patent than there are infringers. If there are no infringers there can be no suits. If there are ten infringers, only ten suits; and it is only a million infringers which can produce the million suits suggested at the hearing below. As to each one, it makes no earthly difference to the defendant who brings the suits provided he can be sued but once on one patent for one tort. A million infringers might tax the resources of one patentee and thus injustice might be done, for every infringer ought to be sued by someone holding under the patentee and made to disgorge his unlawful gains. If we could imagine a patent with a million infringers we should venture the assertion that justice would be more nearly approached by permitting the patentee to sell for a valuable consideration his rights against each of a million defendants than to have him totally deprived of the bulk of his rights by the physical impossibility of one man suing a million separate trespassers.

The essential point, however, is that the defendant here is in no way injured by the present situation. The Reed Company clearly could itself maintain this suit and the defendant would have to defend. The Reed Company

has chosen to assign all of its interest in the patent which it could assert against this defendant to the plaintiff, and the defendant therefore is in precisely the position it would occupy had the plaintiff bought the whole patent. What harm does it do defendant that plaintiff has bought no more?

Baldly stated, the patentee has no right except to bring a suit for infringement or to grant a license, which is tantamount to an agreement not to bring such a suit; it can either sue or agree not to sue. An infringer can either defend and pay damages, if defeated, or buy immunity from suit. In the present case, the plaintiff alone has the right to sue this defendant and the plaintiff alone has the right to grant immunity. So far as the defendant is concerned, the Reed Company is entirely out of the situation and the plaintiff stands in its shoes, having, as the assignment states, every right against the defendant which the Reed Company had before the assignment.

It is thus seen that the defendant as an infringer is in no way interested in the present title except on purely technical grounds. It is obviously trespassing, as admitted by its motion to dismiss, and it is bound to stop and pay its damages and profits. It can make no difference whether these damages and profits are paid to the present plaintiff or to the Reed Company, for the defendant, as a wrongdoer, certainly has no right to keep them. The defendant's manufacture is admittedly a wrongful and continuing trespass upon someone's property. It makes

no substantial difference to the defendant who is the plaintiff, because the motion concedes the wrongfulness of the defendant's conduct and admits that it ought to be stopped on someone's suit.

The only question which can possibly interest the defendant, other than technically, is the possible jeopardy of two suits on the same claims, to which question we will now turn.

Res Judicata.

The question was asked at the hearing in the District Court whether a judgment in this suit for the defendant would be *res judicata*, and the immediate answer was in the affirmative. The patent in suit has been so subdivided that only the present plaintiff or someone claiming under the present plaintiff can ever sue this defendant and the judgment, if any, will bind parties and their privies. The Reed Company has totally divested itself of the right to exclude, *i. e.*, sue this defendant, having sold that right to the plaintiff, and it is therefore out of the case. The defendant must settle with the plaintiff either by defeating it in the suit or by otherwise satisfying its demands.

In either case, one suit settles the controversy between the parties on the subject-matter, and that is all that is required. In any event the defendant is certainly no worse off than under conditions which would clearly justify the suit. Suppose, for instance, the plaintiff had bought the territorial right for 555 West Monroe street. It might maintain the suit and lose, and should defendant move, it could be sued again by the Reed Company for working in its territory, concerning which there had been no adjudication. The patent obviously may be so divided therefore that a defendant may be sued more than once. A defendant with several factories may have to stand the suit of a separate plaintiff at each plant. Here the de-

fendant evidently can be sued but once under the patent in suit for the same kind of infringement.

There certainly can be nothing, therefore, arising from the rules of *res judicata* to interfere with the plaintiff's maintaining suit.

Public Policy.

The outstanding point of public policy is that on this motion the defendant stands as an admitted infringer and ought to be stopped. The decree will be precisely the same and have precisely the same effect on the defendant's business as under many conditions which would be unquestionable. Without the present assignment the Reed Company could have sued, or the plaintiff could have bought the whole patent in suit, or a territorial interest, and sued. In either case the result would be that the defendant would have to stop its admitted trespass and disgorge its unlawful profits, of which it is a trustee for someone. The outstanding requirement of public policy is that infringement shall not exist and that infringers shall not keep their profits. It is difficult to see why public policy is in the slightest degree affected by nice questions as to title.

The second outstanding point of public policy is that Congress has plainly declared that patentees shall have the right to sell any interest whatever in the patent granted to them. The Reed Company, having the clear right to exclude the defendant and collect its profits, has assigned that interest in the patent to the plaintiff. This is a valuable fraction of the patent franchise and it is strictly in accordance with the declared policy of the law to permit it to be sold.

It is indeed difficult to see any reason why the maintenance of the present suit should seem in the slightest

degree undesirable. The purpose of the patent law is exclusion and the declared policy is to permit these exclusive rights to be subdivided and transferred at will. The plaintiff by purchasing a little greater or a slightly different interest could easily accomplish its present purpose, so there is nothing against public policy in the nature of the decree sought or in its effect on the defendant. It seems absurd to contend that the public is in the slightest degree interested in whether, to accomplish its lawful purpose of exclusion, the plaintiff bought more of that patent than was needed, or only just enough. It would seem that there could be no objection, founded on policy, to the plaintiff's thrift in purchasing only so much of the patent as it needed to accomplish a purpose which is clearly lawful and which may be effectuated by a less thrifty purchase.

In the ordinary case where public policy is involved the objection is that the result of the decree is fundamentally wrong and should not be attained by any means whatever. In the present case the result sought is fundamentally right and, on the admitted facts, the decree ought to be entered in favor of someone as plaintiff.

The License Cases.

Turning now to the adjudicated cases, we find many where licenses have been distinguished from interests in a patent, the necessity for the distinction having arisen by reason of the fact that under the old rules the owner of the interest could sue in his own name, while a mere licensee had to join with him the owner of the legal title.

The true distinction is, we submit, that the patent grants a three-fold right to exclude from manufacture, to exclude from use, and to exclude from sale. All instruments which have conveyed the three-fold right in the whole invention have been held transfers of an interest, while those conveying only one or two of these rights, or all of them in only some species of the patented invention, have been held licenses. Fundamentally, we believe the effort has been to prevent the possibility of two suits on the same patent against a single infringer, one by the owner of a part of the power of exclusion, and the other by the owner of the remainder. This distinction runs through all the cases. Regardless of language, every instrument which gave the plaintiff alone the power to exclude the defendant from making, using, and selling the entire subject-matter of the patent has been held an assignment, whereas if there was any outstanding interests under which the original owner could come in and assert additional rights under the patent in another suit, the instrument has been held a license, and, under the old

rules, the licensee was required to join with him the legal owner.

This is the literal result of all the cases, and the principle above outlined is the true one, and the only logical one which can be adopted and followed through without introducing unutterable confusion into the fundamentals of patent law.

This and other courts have repeatedly stated, *arguendo*, that there are only three kinds of assignments of interests, *i. e.*, assignments of the entire interest, assignments of an undivided interest, and assignments of a territorial interest, and that everything else is a license. The assertion, however, that there are only three kinds of assignments is *dictum*, for the real question before the court in each case is whether a particular instrument was a license and in every case the license lacked what is here present, a complete conveyance to the plaintiff of every right under the patent which was or could be litigated in any suit by a particular defendant.

The *dictum* is simply too narrow. There have been only three kinds of assignments known or in common use, but the present one is logically a true assignment of a personal interest, and if any logical and complete definition of an assignment is formulated, then this will fall within that definition.

It may be noted also that the *dictum* is very old and has been passed down as a matter of tradition and copied from old opinions written under a different assignment statute from that now in existence. The old statute was

quite explicit as to the kinds of rights which might be sold, but the present statute first says that the patent, or any interest therein, may be assigned by an instrument in writing, and it then proceeds with a phrase evidently relating to licenses, which provides for their recording. The second phrase provides that the patentee may in like manner, *i. e.*, in writing, grant an exclusive right for the whole United States or for any specified part thereof, and then provides for the recording of all such instruments. It cannot be held that the last two provisions, that is, for exclusive rights for the whole United States or any part thereof, is a narrowing of the first provision that the patent or any interest therein may be assigned because this would mean: 1. That the statute twice provides for the assignment of the whole patent; and, 2. That exclusive licenses, which may deed away the principal elements of value in the patent, would not be within the recording statute.

Thus it is plain that the present statute contemplates the division of the patent in any and every way, and that the broad dictum that there are only three kinds of assignments needs revision to add a fourth, the kind now before the court. This instrument has no resemblance whatever to ordinary licenses, since in the case of every license the patentee retains something which in certain contingencies he may enforce by direct suit against the defendant, so that to free the defendant by a complete decree in one case it was necessary to join the legal owner. On this

point it would seem that the unanimous opinion of the four able jurists who passed on this question below ought to be of the greatest weight.

It will not be necessary here to consider the cases one by one, for they will doubtless all be enumerated by petitioner and referred to by the court. The outstanding fact in all of them is that every case which disposed of the three-fold right so as to clear the defendant in one suit, was uniformly held an assignment, while every case in which the patentee held the right under any contingency to bring suit independently, was held a license.

The New Equity Rules.

Equity Rule 37 provides that every action shall be prosecuted in the name of the real party in interest, and this has been held by the Court of Appeals of the Sixth Circuit in *Kardo v. Adams*, 231 Federal 950, 958, to bring into the federal equity practice the general rule long prevailing in code states; that is, that the beneficial owner of a chose in action may sue in his own name without joining the legal owner.

There is no question that, on the present pleadings, before the assignment to the plaintiff, the Reed Company had a right of action of substantial value against the defendant and that the Reed Company could sue in its own name and for its own benefit, and could exercise not only its right to damages but also its right to exclude. Its rights in the premises are clearly such as pass to the executor in case of death and are therefore assignable in equity. If the present assignment is for any technical reason invalid as a legal transfer it certainly is an equitable transfer such that the Reed Company is the trustee of its rights against the Crown Company for the plaintiff. Under these circumstances the Reed Company clearly could sue under the old rules and the present plaintiff could join as a party beneficially interested in its recovery. In other words, the situation is clearly one where a suit by the Reed Company for the use of the plaintiff would lie under the old rules.

The new rules abolish such suits and permit the beneficial owner to sue in its own name. It would, therefore, seem to follow that if the assignment is only a declaration of trust, and is totally ineffective as a legal transfer, nevertheless plaintiff may maintain its case.

It is especially to be noted that from time immemorial equity has protected the sale of choses in action even when their validity was seriously questioned on the law side. It is perfectly clear that even at law the patentee may assign all that is recoverable in a law court whether or not the patent be assigned with the rights of action. (*Adams v. Hayward*, 12 Fed. Rep. 786.) It being clear therefore that the right to past damages is assignable there seems to be no reason why prospective future damages arising from a continued and continuing infringement of long standing should not also be assignable. And since the courts of equity have created the whole right to assign choses in action and recognized such assignments long before the courts of law, there seems to be no logical or sound reason why the whole present assignment should not be considered as perfectly proper in equity.

Respectfully submitted,

W. H. DYRENFORTH,
RUSSELL WILES,
GEORGE A. CHRITTON,
Counsel for Appellant.

DYRENFORTH, LEE, CHRITTON & WILES,
Solicitors for Appellant.

JANUARY 6, 1923.

"APPENDIX A."

OPINION OF JUDGE CARPENTER.

IN THE

DISTRICT COURT OF THE UNITED STATES,
FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION.

Nye Tool & Machine Works }

vs.

In Equity No. 1514.

Crown Die & Tool Company. }

(Reported 270 Fed., 587.)

February 3, 1921.

CARPENTER, J. : •

Plaintiff sues for infringement of United States patent No. 1,033,142, and for an accounting.

The right and title of plaintiff in the patent, as shown in the bill, is based upon the following agreement:

"Whereas, Reed Manufacturing Company, a corporation of Pennsylvania, is the owner of letters patent of the United States No. 1,033,142, for a Machine for Forming Screw-Thread-Cutting Devices, granted July 23, 1912, on an application of Wright and Hubbard; and

"Whereas, under said patent said Reed Manufacturing Company has the right to exclude others from manufacturing, using and selling the devices of said patent; and

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“Whereas, it is believed by the parties that Crown Die & Tool Company, a corporation of Illinois, has been manufacturing and using devices in infringement of said patent; and

“Whereas, Nye Tool & Machine Works is engaged in the manufacture of dies with which the dies made by said Crown Die & Tool Company, by the use of said infringing machine, are in competition; and

“Whereas, Nye Tool & Machine Works is desirous of acquiring from Reed Manufacturing Company all of its rights of exclusion under said patent, so far as the same may be exercised against the Crown Die & Tool Company, together with all rights of the Reed Manufacturing Company against the Crown Die & Tool Company arising out of the infringement aforesaid;

“Now, Therefore, in consideration of one thousand dollars (\$1000.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, the Reed Manufacturing Company hereby assigns and sets over to the Nye Tool & Machine Works all claims recoverable in law or in equity, whether for damages, profits, savings, or any other kind or description, which the Reed Manufacturing Company has against the Crown Die & Tool Company arising out of the infringement by the Crown Die & Tool Company of the Wright & Hubbard patent No. 1,033,142; and for the same consideration assigns and sets over all the rights which it now has arising from said patent of excluding the Crown Die & Tool Company from the practice of the invention of said patent, the intention being that, in so far as concerns the exclusion of the Crown Die & Tool Company under said patent, the Nye Tool & Machine Works shall be vested with as full rights

in the premises as the Reed Manufacturing Company would have had had this assignment not been made; and that the Nye Tool & Machine Works shall have the full right to bring suit on said patent, either at law or in equity, against said Crown Die & Tool Company, and for its own benefit to exclude the Crown Die & Tool Company from practicing the invention of said patent, and for its own use and benefit to collect damages which may arise by reason of the future infringement of said patent by the Crown Die & Tool Company, but nothing herein contained shall in any way affect or alter the rights of the Reed Manufacturing Company against other than the Crown Die & Tool Company; and for the same consideration, all rights as are herein given against the Crown Die & Tool Company are given as against any successor or assignee of the business thereof.

“REED MANUFACTURING COMPANY,

“By P. D. WRIGHT,

“Its President.”

The defendant has moved to dismiss because:

1. The bill charges infringement of a patent in which plaintiff has not title.
2. The owner of the entire or any part of the legal title to the patent sued on is not made a party to the suit.
3. The bill shows on its face that the plaintiff has no interest in the patent sued on.
4. The court is without jurisdiction.

Three other grounds for dismissal are assigned, but relate to matters outside of the present record.

Plaintiff has acquired every right which the patentee ever had under his patent as against the defendant, and the record does not disclose that plaintiff has received, by license or otherwise, any immunity from suit by the patentee under the patent involved.

An examination and study of a patent grant necessarily leads one to the conclusion that inasmuch as the patentee has the natural right to make, use and sell everything which he makes, the only thing he received by virtue of his patent is the right to exclude others from exercising his natural rights.

The right to exclude, being in reality all that the patentee received from the Government, which he did not have before, it is difficult to perceive why, under Section 4898 of the Revised Statutes, providing that "any patent, or any interest therein, shall be assignable in law by an instrument in writing," the assignment in the instant case does not convey substantial rights upon which action may be based.

The patentee's right to exclude may be subdivided territorially. This has long been settled. If the right to exclude from all of the states west of the Mississippi River is in the patentee, why not the right to exclude in any one state; if in any one state, why not in any one city; if in any one city, why not in any one street; if in any one street, why not in any one building; if in any one building, why not in any office in that building; if in any office, why not any one individual in that office?

It would seem if the statute provides that "any interest" in the patent may be assigned, the mere question of the size of that interest is unimportant.

The real question here involved cannot be lost sight of by even the most careful consideration of cases with reference to exclusive and non-exclusive licenses. There is a vast difference between a mere grant of immunity, —a covenant not to sue,—and the absolute conveyance of a part of the patent. The latter passes title; the former provides merely that the patentee shall exercise his right of exclusion on behalf of the licensee.

I cannot see that any question of public policy is involved. On the argument it was suggested that grants of this nature would lead to innumerable suits. On the other hand there can never be more suits on a patent than there are infringers, and if there are a million infringers having no joint interest in their infringements, separate suits must be maintained against each if they persist in their wrongdoing. The test should be rather from the standpoint of the defendant, and if he can be sued once only for his tort, the law is satisfied.

The defendant in this case would have been liable to suit by Reed Manufacturing Company, and would have been obliged to defend for any infringement. How then can it complain if the Reed Manufacturing Company sells its right to exclude the defendant from using the patented rights? From the defendant's standpoint, it is no better nor worse off than if the original patentee were plaintiff. The patentee has wholly divested itself

of all its rights as to the defendant in this case, and any action between the parties here would be a complete defense to any suit brought by the Reed Manufacturing Company.

Questions of public policy do not seem to militate against such a conveyance. The purpose of the patent is exclusion, and the declared policy seems to permit these exclusive rights to be subdivided and transferred at will. The public is not in the slightest degree interested in whether the plaintiff, to accomplish its lawful purpose of exclusion, bought more of the patent than was needed, or only just enough. Clearly, it does not lie with the infringer to urge matters of public policy as to the method in which his wrongdoing is to be stopped.

The real party in interest has brought the suit. Defendant claims that the owner of the patent is not a party. Such is not the fact. The owner of all the patent rights may not be a party, but the owner of all the patent rights necessary for a determination of this suit is the plaintiff. Equity rule 37 would seem to settle all difficulties on this point.

I am of the opinion that as a matter of law the motion to dismiss should be overruled. There are, however, serious considerations which lead me to a different result in this case.

I have felt that Congress long ago should have invested in the judges of the Federal courts of first instance the power to certify questions of law to the various Courts

of Appeal, in order that serious legal differences between the parties might be settled in advance of a great expenditure of time and money.

Many cases in chancery have gone to a reference before the Master, and prolonged hearings had on the merits, and after final decree the court of review has settled legal issues, which, if known in advance, would have prevented the reference.

In this case it was admitted in the argument that the interest of the plaintiff was acquired for the sole purpose of anticipating a possible adverse decision in a suit on another patent. This was stated openly. The parties understood it. If they know now their legal status in the present case, their course of conduct in the other litigation, so far as these matters are concerned, will be determined. I am very much disinclined, however positive I am in my views as to the motion to dismiss here, to let them go to a final hearing without knowing exactly what their rights are.

For the purpose of enabling the parties to have justice speedily, and without any more purchase than is absolutely necessary, I believe the motion to dismiss should prevail, and it is so ordered.

"APPENDIX B."

OPINION OF THE COURT OF APPEALS.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS, FOR THE SEVENTH CIRCUIT.

No. 2942. October Term, 1920, April Session, 1921.

Nye Tool and Machine Works,	}	Error to the District Court of the United States for the Northern District of Illinois, Eastern Division.
<i>Appellant,</i>		
<i>vs.</i>		
Crown Die & Tool Company,		
<i>Appellee.</i>		

(Reported 276 Fed., 376.)

Before BAKER, EVANS and PAGE, Circuit Judges:

This is an appeal from a decree dismissing on appellee's motion appellant's bill for alleged infringement of patent No. 1,033,142, July 23, 1912, to Reed Mfg. Co., assignee of the inventors Wright and Howard, for a machine for forming screw thread-cutting devices.

In the bill, commendable for its brevity and directness, appellant alleged: 1, that Wright and Howard made the invention and filed their application, on which the patent was issued to Reed Mfg. Co.; 2, that Reed Mfg. Co., owner of the patent, "prior to the beginning of this suit," by a duly executed assignment in writing (attached to the bill as "Exhibit A") transferred to appellant the right to exclude appellee from practicing the invention and the right to recover all claims in law or in equity arising out of appellee's infringement of the patent; 3, that the devices of the patent, made by Reed Mfg. Co.,

and by appellant, have been duly marked "Patented, July 23, 1912"; 4, that appellee has infringed the patent within the six years last past by making, using and selling devices containing the inventions claimed therein, that appellee had been notified of the infringement and that the infringement has damaged appellant and profited appellee; and prayed for an injunction and an accounting of appellee's profits and appellant's damages.

"Exhibit A" is as follows:

"Whereas, Reed Manufacturing Company, a corporation of Pennsylvania, is the owner of Letters Patent of the United States, No. 1,033,142, for a Machine for Forming Screw-Thread Cutting Devices, granted July 23, 1912, on an application of Wright and Hubbard; and

"Whereas, under said patent said Reed Manufacturing Company has the right to exclude others from manufacturing, using and selling the devices of said patent; and

"Whereas, it is believed by the parties that Crown Die & Tool Company, a corporation of Illinois, has been manufacturing and using devices in infringement of said patent; and

"Whereas, Nye Tool & Machine Works is engaged in the manufacture of dies with which the dies made by said Crown Die & Tool Company, by the use of said infringing machine, are in competition; and

"Whereas, Nye Tool & Machine Works is desirous of acquiring from Reed Manufacturing Company all of its rights of exclusion under said patent, so far as the same may be exercised against the Crown Die & Tool Company, together with all rights of the Reed Manufacturing Company against the Crown Die & Tool Company arising out of the infringement aforesaid;

"Now, Therefore, in consideration of one thousand dollars (\$1,000.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, the Reed Manufacturing Company hereby assigns and sets over to the Nye Tool & Ma-

chine Works all claims recoverable in law or in equity, whether for damages, profits, savings, or any other kind or description, which the Reed Manufacturing Company has against the Crown Die & Tool Company arising out of the infringement by the Crown Die & Tool Company of the Wright & Hubbard patent No. 1,033,142; and, for the same consideration, assigns and sets over all the rights which it now has arising from said patent of excluding the Crown Die & Tool Company from the practice of the invention of said patent, the intention being that, in so far as concerns the exclusion of the Crown Die & Tool Company under said patent, the Nye Tool & Machine Works shall be vested with as full rights in the premises as the Reed Manufacturing Company would have had had this assignment not been made; and that the Nye Tool & Machine Works shall have the full right to bring suit on said patent, either at law or in equity against said Crown Die & Tool Company, and for its own benefit, to exclude the Crown Die & Tool Company from practicing the invention of said patent, and for its own use and benefit to collect damages which may arise by reason of the future infringement of said patent by the Crown Die & Tool Company, but nothing herein contained shall in any way effect or alter the rights of the Reed Manufacturing Company against other than the Crown Die & Tool Company; and, for the same consideration, all rights as are herein given against the Crown Die & Tool Company are given as against any successor or assignee of the business thereof."

Appellee's motion to dismiss the bill for want of equity apparent on its face, in addition to challenging appellant's title and right to sue, suggests laches, conspiracy, and pendency of a prior suit, and also denies jurisdiction in equity over damages "recoverable at law."

BAKER, Circuit Judge, after making the foregoing statement, delivered the opinion of the court:

Nothing of laches, conspiracy or pendency of a prior suit is stated in the bill. If such matters exist, they must

be brought into the record by appellee's answer. In the statement of the case we have synopsized the bill in order to show that a good cause of action in equity is pleaded unless there is a lack in appellant's right to sue or in the trial court's equitable jurisdiction.

An inventor is not compelled by law to apply for and take out a patent. If he has produced a new composition of matter of such a nature that the ingredients and the process are safe from discovery by others either by observing his use of his invention or by independent investigation and experiment, he would have a much more enduring monopoly by refusing to make the "full disclosure" that our patent statute invites. Such is his natural or common law right. It is only when he fears discovery and resultant injury from the exercise by others of their natural or common law right to copy his unpatented invention that he seeks the patent solicitor. So it is clear to a demonstration that the natural or common law right and the statutory right are separate and independent. Neither impinges upon the other. Whether an inventor exercises or refuses to exercise his natural or common law right has nothing to do with his assertion of his statutory right, which consists exclusively of his power, through the courts, to restrain others from practicing his invention and to call them to account for having done so in defiance of his monopoly. This view of our patent system is not a present invention, for long ago it was fully disclosed and distinctly claimed in open letters to the public. *Bloomer v. McQuewan*, 14 How. 539; *Patterson v. Kentucky*, 97 U. S. 501; *Fuller v. Berger*, 120 Fed. 274; *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U. S. 405.

Appellee's argument that a monopoly of this character is contrary to public policy is somewhat belated in view of the Constitution and acts of Congress.

Congress, having full constitutional power over the subject, could have provided that a patent should be non-assignable, or, if assignable, that it should be assigned only as an entirety. But Sec. 4898 R. S. says that "any patent, or any interest therein, shall be assignable in law by an instrument in writing." It would be hard to find broader or clearer words than "any interest therein" with which to clothe the owner of a patent with the right to subdivide and deed or lease his property as he pleased.

As "the right to exclude" is the only property involved, and as that property is made divisible and assignable at the will of the owner, and as the owner had duly assigned to appellant the whole of the right to exclude appellee, it is difficult to understand why appellee should feel concerned about appellant's lack of right to exclude strangers to this suit. If appellant had the right to exclude all the strangers in the world, appellee might as well contend that appellant, having good and complete title to the patentee's right to exclude appellee, should not be permitted to enforce the right because appellant was ignoring all other trespassers and was picking out appellee alone.

Jurisdiction in equity to enjoin trespasses upon property is unquestionable. When that equitable jurisdiction is invoked, the chancellor will hear and determine in the same suit the matter of damages that accrued from the trespasses during the plaintiff's ownership of the property and within the period of limitations. If such damages alone were sought, the action would be at law; but because such damages grew out of the ownership that is to be vindicated by the injunction, the demand therefor, although legal in its nature, is treated as a proper appendage of the bill in equity. Appellant's bill alleges

that it acquired ownership of the right to exclude appellee "prior to the beginning of this suit," but without stating the date either in the body of the bill or in the exhibit. Appellee's alleged infringement covered six years prior to the filing of the bill. Some of that period may antedate appellant's ownership. Reed Mfg. Co. included in its assignment of an interest in the patent to appellant an assignment of its claims for damages during its exclusive ownership. Damages that are incidental to appellant's ownership are properly included in the bill. But if appellant desires to recover on the assignment of Reed Mfg. Co.'s right of action at law for the damages suffered by that company, it should proceed at law upon that separate legal cause of action.

The decree is reversed for further proceedings in consonance with this opinion.